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TAGS: PREL PGOV KPAL KWBG GM IS

SUBJECT: GERMAN FM STEINMEIER FINDS OLMERT FOCUSED ON SAUDI ROLE; LIVNI STUDYING SYRIAN OPTIONS

CLASSIFIED BY: CHARGE D'AFFAIRES GENE A. RETZ; REASONS 1.4 (B, D).

¶1. (C) SUMMARY: GERMAN AMB. HARALD KINDERMANN SAID THAT FM FRANK-WALTER STEINMEIER'S MAY 6 MEETING WITH PM EHUD OLMERT FOCUSED LARGEMLY ON SAUDI ARABIA, WHILE HIS MAY 7 DISCUSSION WITH FM TZIPI LIVNI WAS DOMINATED BY SYRIA. KINDERMANN TOLD AMB. JONES THAT OLMERT IS LOOKING FOR A SYMBOLIC GESTURE FROM THE GULF STATES AND IS PREPARED TO GO TO RIYADH. LIVNI DOWNPLAYED THE IMPORTANCE OF THE ARAB INITIATIVE. SHE ACKNOWLEDGED THE VALIDITY OF PRESS REPORTING THAT THE MFA STAFF IS IN THE PRELIMINARY STAGES OF PREPARING CONTINGENCY STUDIES ON OPTIONS FOR A SYRIAN TRACK, SOMETHING THAT OLMERT DISMISSED. ACCORDING TO KINDERMANN, STEINMEIER WAS DISTRESSED BY THE GOI'S LACK OF FOCUS ON PALESTINIAN ISSUES AND WAS CONCERNED ABOUT WHAT HE SAW AS AN IMPENDING COLLAPSE OF ORDER IN THE OCCUPIED TERRITORIES. STEINMEIER ALSO HAD THE IMPRESSION THAT OLMERT WILL TAKE A GREATER ROLE IN FOREIGN POLICY ISSUES IN THE HOPES OF DIVERTING ATTENTION FROM HIS DOMESTIC DIFFICULTIES RESULTING FROM THE WINOGRAD REPORT. END SUMMARY.

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OLMERT FOCUSED ON SAUDIS; DOWNPLAYING WINOGRAD  
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¶2. (C) IN A MAY 8 CONVERSATION WITH AMBASSADOR JONES, KINDERMANN SAID THAT MOST OF THE OLMERT MEETING FOCUSED ON SAUDI ARABIA, TO THE POINT THAT HE DESCRIBED OLMERT AS "FIXATED" ON OBTAINING SOME DIPLOMATIC CONCESSION FROM THE GULF ARABS. STEINMEIER ASKED WHAT THE GOI WOULD BE WILLING TO DO TO ENCOURAGE THE SAUDIS TO MAKE A GESTURE TOWARDS ISRAEL, BUT RECEIVED NO CLEAR ANSWER. OLMERT INSISTED THAT HE IS PREPARED TO TRAVEL TO RIYADH AND SUGGESTED THAT STEINMEIER DISCUSS "WHAT THEY WANT ME TO SAY." KINDERMANN SAID THAT STEINMEIER LEFT THE MEETING WITH THE IMPRESSION THAT OLMERT DOES NOT UNDERSTAND THE GULF ARABS. NOTE: AT THE CABINET MEETING ON MAY 7, OLMERT ONCE AGAIN PUBLICLY PRAISED THE SAUDIS. END NOTE.

¶3. (C) THE GERMANS SAID THAT OLMERT MADE LITTLE MENTION OF THE PALESTINIANS. THE PM TOUCHED UPON THE U.S. BENCHMARKS, SAYING THAT ALTHOUGH MANY OF THE STEPS ARE DESIRABLE, THEY CANNOT BE IMPLEMENTED FULLY IN LIGHT OF THE CURRENT SECURITY SITUATION. OLMERT ALSO DOWNPLAYED THE IMPORTANCE OF LIVNI'S MAY 10 VISIT TO CAIRO FOR TALKS WITH JORDAN AND EGYPT, SAYING THAT THE ISRAELI PUBLIC WOULD ONLY REACT TO A MORE SYMBOLIC ARAB GESTURE. ACCORDING TO THE GERMAN POLCOUNS, OLMERT TOLD STEINMEIER THAT THERE IS LITTLE USE IN DISCUSSING A SYRIAN TRACK CONSIDERING ASAD'S CURRENT POLICIES.

¶4. (C) OLMERT PUT A POSITIVE SPIN ON THE TURMOIL SURROUNDING THE WINOGRAD INTERIM REPORT, MAINTAINING THAT THE CURRENT ATMOSPHERE PROVIDES HIM WITH A FREE HAND TO PURSUE HIS OWN AGENDA. KINDERMANN SAID HE HAD THE IMPRESSION THAT OLMERT IS FOCUSING ON FOREIGN POLICY ISSUES TO DIVERT ATTENTION FROM

HIS DOMESTIC DIFFICULTIES. THE GERMANS SEE THE QUICK LEAKS TO THE ISRAELI PRESS FOLLOWING THE OLPERT MEETING AS A SIGN THAT THE PRIME MINISTER'S OFFICE IS DESPERATE FOR ANY NEWS THAT MIGHT DRIVE WINOGRAD FROM THE FRONT PAGES. KINDERMANN CAUTIONED THAT UNDER THESE CIRCUMSTANCES THE GOI WILL BE EVEN MORE PRONE TO LEAKS THAN IS USUALLY THE CASE.

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LIVNI ACKNOWLEDGES CONTINGENCY PLANNING ON A SYRIAN TRACK  
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15. (C) KINDERMANN DESCRIBED THE STEINMEIER-LIVNI DISCUSSION AS ALMOST A POLAR OPPOSITE OF THE OLPERT MEETING. LIVNI WAS DISMISSIVE OF THE ARAB INITIATIVE, SAYING THAT SHE DOES NOT UNDERSTAND WHAT IT OFFERS ISRAEL, BECAUSE NORMALIZATION WOULD FOLLOW PEACE WITH THE PALESTINIANS IN ANY CASE. STEINMEIER URGED ISRAEL TO REQUEST AN EXTENSION OF THE EU-BAM MANDATE IN RAFAH. LIVNI REPLIED THAT THE GOI IS "FORMALIZING" ITS REQUEST LETTER AND HOPES TO SEND IT DURING THE WEEK BEGINNING MAY 13.

16. (C) LIVNI'S FOCUS IN THE MEETING WAS SYRIA. SHE TOLD STEINMEIER THAT RECENT PRESS REPORTS ABOUT THE MFA'S PREPARATORY STAFF WORK FOR THE POSSIBLE RESUMPTION OF A SYRIAN TRACK ARE TRUE, ALTHOUGH SHE STRESSED THAT DELIBERATIONS ARE IN THE PRELIMINARY STAGES AND WERE NOT INTENDED TO BE LEAKED. LIVNI'S SPECIAL ASSISTANT, TAL BECKER, LATER TOLD POLOFF THAT STEINMEIER MAY HAVE MISUNDERSTOOD LIVNI, WHO HAD MERELY INTENDED TO EXPLAIN THAT NORMAL CONTINGENCY PLANNING FOR ALL EVENTUALITIES IS UNDERWAY AT THE MFA. KINDERMANN TOLD AMBASSADOR JONES THAT THE GERMAN DELEGATION LEFT WITH THE IMPRESSION THAT LIVNI MAY BE USING HER MFA STAFF TO PREPARE OPTIONS THAT SHE COULD LATER PRESENT TO KADIMA.

17. (C) THE GERMANS SAID STEINMEIER RAISED THE POSSIBILITY THAT LIVNI COULD TRAVEL TO BRUSSELS AT THE SAME TIME THAT SYRIAN FM WALID AL-MU'ALLIM IS IN TOWN FOR AN EU DIALOGUE WITH ISLAMIC STATES. STEINMEIER ADDED THAT HE WOULD WANT TO DISCUSS ANY SUCH TRIP WITH GERMANY'S ALLIES IN THE QUARTET. LIVNI SAID SHE WOULD NEED TO CHECK WITH THE CABINET.

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STEINMEIER'S CONCERNs ABOUT THE OCCUPIED TERRITORIES  
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18. (C) KINDERMANN TOLD AMBASSADOR JONES THAT HE HAD NEVER SEEN STEINMEIER SO PESSIMISTIC AS WHEN HE RETURNED FROM AN EXTENDED VISIT TO THE WEST BANK. THE FOREIGN MINISTER WAS "SHOCKED" BY CONDITIONS THERE AND TOLD HIS STAFF THAT "AN EARTHQUAKE IS COMING." HE URGED THE GOI TO RELEASE FROZEN TAX REVENUES TO AVOID A COMPLETE COLLAPSE OF ORDER IN THE OCCUPIED TERRITORIES. IN RESPONSE, OLPERT REPEATEDLY STRESSED THAT HE WOULD MAKE "PAINFUL CONCESSIONS," BUT GAVE NO SPECIFICS. KINDERMANN SAID THAT STEINMEIER'S READOUT OF THE ONE-ON-ONE MEETING IN WHICH HE RAISED THESE CONCERNs WITH OLPERT WAS LIMITED TO "I HAVE NOTHING WORTH REPORTING."

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